

Message Text

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PAGE 01 LENING 01672 140708Z

21

ACTION FBO-05

INFO OCT-01 EUR-12 ISO-00 /018 W
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R 140620Z OCT 76
FM AMCONSUL LENINGRAD
TO SECSTATE WASHDC 2708
INFO AMEMBASSY MOSCOW

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DEPARTMENT PLEASE PASS FBO

E.O. 11652: N/A

TAGS: AFSP, ABLD, UR

SUBJ: CONTRACTURAL OBLIGATION FOR RENEWAL OF OFFICIAL RESIDENCE

1. THE ORGANIZATION FOR SERVICE TO FOREIGN REPRESENTATIONS IN LENINGRAD (UIP), WHICH IS CHARGED WITH HANDLING ALL PERSONNEL AND HOUSING REQUIREMENTS FOR THE CONSULATES GENERAL IN LENINGRAD INFORMED THIS OFFICE IN WRITING SEPTEMBER 2, 1976, THAT IT INTENDED TAKE "IMMEDIATE" ACTION UNDER PARA 20 OF LEASE ON CONSULATE GENERAL'S RESIDENCE (FBO 20284) PERMITTING 10 PERCENT FORFEITURE OF RENT FOR NON-COMPLIANCE OF LEASE OBLIGATIONS. SUBSEQUENT CONSULTATIONS WITH HEAD OF BUILDINGS UTILIZATION SECTION OF UIP REVEALS THAT UIP'S COMPLAINT IS BASED ON NON-COMPLIANCE BY CONSULATE GENERAL WITH PARA 8 ABOVE MENTIONED CONTRACT, WHICH OBLIGATES CONSULATE GENERAL TO UNDERTAKE CERTAIN PAINTING AND REPAIRS EVERY THREE YEARS. (SEE SPECIALLY PARA 5 OF ATTACHMENT TO LEASE).

2. INTERIOR OF CONSULATE GENERAL'S RESIDENCE (WITH EXCEPTION OF LIVING AND DINING ROOMS ON THIRD FLOOR) HAS NOT BEEN PAINTED SINCE ITS INITIAL OCCUPANCY BY U.S. GOVERNMENT IN 1972. PERIODIC PAINTING, SPECIFIED IN ABOVE-MENTIONED CONTRACT, WAS TO BE UNDERTAKEN IN JULY, 1976. AT THAT TIME, HOWEVER, UIP WAS INFORMED THAT CONSULATE GENERAL'S BUDGET DID NOT ALLOW FOR PAINTING IN FY 76. UIP'S RESPONSE TO DATE HAS BEEN THAT: (A) EITHER WE CONTRACT WITH THEM TO PAINT RESIDENCE IN OCTOBER OF THIS YEAR OR;
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(B) THEY WILL LEVY 10 PERCENT FORFEITURE OF RENT (\$1,772.48) CALLED

FOR IN PARA 20.

3. UPIP'S ESTIMATE OF COST FOR PAINTING (COSMETIC REMONT) OF RESIDENCE INTERIOR, IS RUBLES 25,654, WHICH AMOUNTS TO \$32,859.18 AT TODAY'S RATE.

4. WE HAVE ALREADY PAINTED SMALL GUEST HOUSE ATTACHED TO RESIDENCE AND ARE IN PROCESS OF PAINTING REMAINDER OF THIRD FLOOR WITH OUR OWN PAINTERS. WITH COST OF THESE AREAS DEDUCTED FROM ORIGINAL UPIP ESTIMATE, TOTAL BILL WOULD BE \$23,500. POST ALREADY HAS \$5,000 OBLIGATION FOR PAINTING OF LIBRARY OF RESIDENCE. THIS LEAVES \$18,500 LEFT TO BE FUNDED. WE WOULD NOTE THAT \$5,000 ALREADY ALLOTTED BY FBO FOR RENEWING REPRESENTATIONAL GUEST ROOM AND LIBRARY HAS NOT YET BEEN EXPENDED BECAUSE CITY RESTORATION AUTHORITIES REFUSE UNDERTAKE PIECEMEAL WORK. WE HAVE TRIED AND WILL CONTINUE OUR EFFORTS BUT WE ARE DOUBTFUL THAT, GIVEN DEMANDS CITY RESTORERS, UPIP EVEN IN FUTURE WILL AGREE TO STRICTLY PIECEMEAL APPROACH TO RESTORATION.

5. AT THIS POINT, THEREFORE, WE CAN SEE ONLY THREE POSSIBLE ALTERNATIVES TO UPIP DEMANDS: (A) FBO AUTHORIZE \$18,500 REQUIRED TO FULFILL REQUIREMENTS OF THE LEASE. THIS IS OUR PREFERRED COURSE OF ACTION; (B) WE PAY 10 PERCENT FORFEITURE AND PUT OFF MATTER ANOTHER YEAR; (C) WE IGNORE DEMANDS OF UPIP AND, USING OUR DIPLOMATIC STATUS, REFUSE TO BE BOUND BY TERMS OF CONTRACT, ASSUMING THAT, IN ANY CASE, NO LEGAL MEASURES CAN BE TAKEN FORCE US TO PAY. WE MAY, HOWEVER, HAVE TO PAY PRICE OF LOSING CONSIDERABLE AMOUNT IN CURRENTLY ACCEPTABLE WORKING RELATIONSHIP WITH UPIP.

7. WE BELIEVE THAT UBST ESTIMATE FURNISHED TO US BY UPIP IS IN LINE WITH CHARGES LEVIED FOR SIMILAR WORK ELSEWHERE IN LENINGRAD. WE WOULD NOTE IN THIS RESPECT THAT FORMAL ROOMS OF THE RESIDENCE CONTAIN HIGH DEGREE OF FINE ORNAMENTATION, GOLD LEAF AND FILIGREE WORK WHICH GREATLY ENHANCES BEAUTY AND REPRESENTATIONAL QUALITY OF BUILDING BUT WHICH CAN NOT BE ADEQUATELY RENEWED BY ORDINARY PAINTERS, THUS REQUIRING WORK OF SPECIALIZED CITY RESTORATION EXPERTS.

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7. COMMENT: WE BELIEVE THAT BY SIGNING THE CONTRACT ON THE OFFICIAL RESIDENCE WE HAVE ASSUMED CERTAIN, AT LEAST MORAL, OBLIGATIONS FOR COMPLIANCE REGARDLESS OF THE EFFICACY OF ANY ACTUAL LEGAL MEASURES WHICH UPIP COULD CONCEIVABLY BRING TO BEAR ON US. BEYOND THIS, THE RESIDENCE IS CLEARLY A MAJOR FOCAL POINT FOR THE REPRESENTATION OF U.S. INTERESTS IN LENINGRAD AND HAS BEEN CONTINUOUSLY AND ACTIVELY UTILIZED FOR THIS PURPOSE SINCE THE OPENING OF THE POST. AS SUCH IT HAS BEEN A MAJOR FACTOR

IN ACCOMPLISHING U.S. OBJECTIVES IN THIS SECTION OF THE SOVIET UNION. FOR THESE REASONS WE STRONGLY QUESTION WHETHER DELAY IN MEETING THE CONTRACTUAL OBLIGATIONS FOR PERIODIC RENEWAL OF THE RESIDENCE IS IN BEST INTERESTS OF THE U.S. GOVERNMENT. ACCORDINGLY WE STRONGLY RECOMMEND THAT FBO AUTHORIZE REQUIRED FUNDS TO PERMIT WORK PROCEED PROMPTLY. WE WOULD APPRECIATE URGENT RESPONSE ON THIS MATTER PRIOR TO THE END OF OCTOBER WHICH IS DEADLINE SET BY UPIP.

NEUBERT

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Margaret P. Grafeld
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